



Testimony on Senate Bill 437 (S-2)

April 28th, 2016

Byrd – Good morning lady and gentlemen of the committee.

My name is Brindley Byrd, right now here on behalf of the Michigan Air Conditioning Contractors Association (MIACCA). We represent Michigan licensed mechanical contractors and fight for fair competition throughout Michigan's mechanical industry.

This industry includes the many suppliers and distributors, manufacturers, the building code enforcement community and the Bureau of Construction Codes. All of whom we work with on almost a daily basis.

We strive to seek all-industry solutions to issues facing our members that can and will grow their businesses as they meet the needs and expectations of their customers.

This process of determining Michigan's energy future has gathered quite a disparate set of issues into Senate Bills 437 and 438.

MIACCA became involved in these debates when SB437 was introduced with language proposing changes to the Code of Conduct and Appliance Service Programs (ASP) currently in statute. The current statute language was hard fought, and depending on which facet you focus on and which interest(s) you represent, you either lost, won or both. At the end of the day and including today, the Code of Conduct is in tact and there is robust and profitable activity in utility-based Appliance Service Programs.

The changes proposed in the introduced version of SB437 have been significantly amended through a process with key stakeholders and thought leaders in Michigan's

energy policy. Section 10ee, starting on the bottom of page 114 of SB437 (S-2) is the culmination of efforts put forth last fall.

I want to personally thank Senator Nofs, Mr. Dan Dundas, Phil Forner, Terry Mierzwa and the rest of the Consumers Energy lobbying team for their efforts in seeing this language brought before this committee for consideration.

MIACCA fully supports this section of the substitute bill, and thus by extension supports the bill, further and only by process, support SB438 (S-2).

As stated in testimony before this committee on October 1st, 2015, Mr. Forner when speaking about the fact that in Michigan, regulated monopoly utilities are active in very risky, non-regulated business ventures unrelated to energy generation and distribution, that the Legislature should, "...carefully consider the ramifications on the free markets and what it will take to properly regulate the effects of doing so."

Section 10ee, first preserves the Code of Conduct and goes into great lengths on how unregulated non-energy generation or distribution business activities will be reported and accounted for using a penny-by-penny approach to cost-allocation and rate-payer benefit for such other value added programs and services (OVAPS) offered by regulated utilities.

The concern MIACCA has about OVAPS is not as much the rate impact these programs have, but rather the potential to corrupt a market via inherent advantages held by regulated utilities. Section 10ee allows for an informal process by which a market corruption claim can be brought forth and transparency in accounting for OVAPS programs offered. To be clear, we are adamant that all costs born by rate-payers for OVAPS are properly allocated to those programs and the value of those costs credited back to rate payers – again on a penny-by-penny basis.



The concerns on small business we express are beyond what is normally considered by the Michigan Public Service Commission when it comes to utility regulation.

MIACCA has partnered with the Small Business Association of Michigan, the National Federation of Independent Business and the Michigan Conservative Energy Forum to install a Small Business Advocate in the regulatory structure who advocates in utility rate-cases on behalf of small business and provides a small business voice in the IRP process, but also can receive, monitor and navigate claims of market corruption due to potentially dominate utility OVAPS programs.

The Small Business Advocate in the utility regulatory structure is something MIACCA recommends the committee considers acknowledging the concerns of small business have no voice in the utility regulatory arena.

With that I would again like to thank the Chairman and his staff for their work on seeing our concerns were heard and addressed in such fine fashion.

Respectfully Submitted,

Brindley Byrd
Executive Director



